



September 5, 2003

The Hon. Bill Thomas
Chairman
House Ways and Means Committee
1100 Longworth House Office Building
Washington, DC 20515

Dear Chairman Thomas:

On behalf of the American Apparel & Footwear Association (AAFA) – the national trade association of the apparel and footwear industries – I am writing to express strong support for the American Jobs Creation Act of 2003 (HR 2896).

From our analysis, this legislation will simultaneously accomplish several goals.

First, it will resolve the outstanding dispute the United States has with the European Union over the FSC/ETI export subsidy issue. That dispute has overshadowed US/EU trade relations for years and has led to the current situation in which the EU is on the verge of imposing punitive tariffs on many U.S. clothing and shoe exports. The mere threat of those tariffs has already had a costly impact on AAFA members who export to the European Union. This uncertainty has caused many AAFA firms to incur costly European warehousing charges to pre-position goods in advance of the possible imposition of sanctions or forced them to service their European customers from non-U.S. based export locations. Both are undesirable outcomes that will be positively resolved when this legislation is enacted.

Second, the legislation will enact many beneficial tax law changes that will positively affect a wide spectrum of AAFA members, including large and small companies who manufacture both sewn products and their inputs in the United States. Those provisions will reduce the corporate tax rate for small businesses, provide accelerated depreciation relief, extend the net operating loss provisions, permit investment in the United States of unrepatriated foreign earnings, and simplify the foreign tax credit provisions. As we look for ways to promote the competitiveness of U.S. manufacturing, particularly in our sector, which is on the front lines of globalization, such tax law changes are an important and significant step in the right direction.

Finally, we note that the legislation extends the Merchandise Processing Fee (MPF). Inasmuch as we would prefer that this fee not be extended, we appreciate that the bill would earmark revenues generated by those fees for Customs purposes, including Customs automation. We also welcome language that directs the charging of fees to actually reflect the value of the services for which the fees are charged. We feel this is the only appropriate way these Customs fees should be extended.

We look forward to working with you to ensure this legislation is swiftly enacted.

Sincerely,

A handwritten signature in black ink, reading "Kevin M. Burke". The signature is written in a cursive, flowing style with a large initial "K".

Kevin M. Burke
President and CEO